

HOUSE BILL 27

C4
HB 991/09 – ECM

(PRE-FILED)

01r0627

By: **Delegate Conway**

Requested: September 23, 2009

Introduced and read first time: January 13, 2010

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Automobile Insurance – Use of Territory in Rate Making – Limitation**

3 FOR the purpose of limiting the number of territories an insurer may use in
4 establishing automobile insurance rates under provisions of law governing prior
5 approval rate making and competitive rating; requiring the Maryland Insurance
6 Commissioner to adopt certain regulations; and generally relating to rate
7 making for automobile insurance policies.

8 BY repealing and reenacting, with amendments,
9 Article – Insurance
10 Section 11–216 and 11–319
11 Annotated Code of Maryland
12 (2003 Replacement Volume and 2009 Supplement)

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
14 MARYLAND, That the Laws of Maryland read as follows:

15 **Article – Insurance**

16 11–216.

17 **(A)** An insurer that uses territory as a factor in establishing automobile
18 insurance rates:

19 **(1)** MAY NOT USE MORE THAN THREE TERRITORIES, AS
20 ESTABLISHED BY THE COMMISSIONER BY REGULATION, IN ESTABLISHING
21 AUTOMOBILE INSURANCE RATES; AND

22 **(2)** shall submit a statement to the Commissioner certifying that:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 [(1)] (I) the territories used by the insurer have been reviewed
2 within the previous 3 years; and

3 [(2)] (II) use of the territories is actuarially justified.

4 (B) (1) THE COMMISSIONER SHALL ESTABLISH BY REGULATION THE
5 TERRITORIES THAT AN INSURER MAY USE AS A FACTOR IN ESTABLISHING
6 AUTOMOBILE INSURANCE RATES.

7 (2) THE TERRITORIES ESTABLISHED SHALL INCLUDE AN URBAN
8 TERRITORY AND A RURAL TERRITORY.

9 11-319.

10 (A) An insurer that uses territory as a factor in establishing automobile
11 insurance rates:

12 (1) MAY NOT USE MORE THAN THREE TERRITORIES, AS
13 ESTABLISHED BY THE COMMISSIONER BY REGULATION, IN ESTABLISHING
14 AUTOMOBILE INSURANCE RATES; AND

15 (2) shall submit a statement to the Commissioner certifying that:

16 [(1)] (I) the territories used by the insurer have been reviewed
17 within the previous 3 years; and

18 [(2)] (II) use of the territories is actuarially justified.

19 (B) (1) THE COMMISSIONER SHALL ESTABLISH BY REGULATION THE
20 TERRITORIES THAT AN INSURER MAY USE AS A FACTOR IN ESTABLISHING
21 AUTOMOBILE INSURANCE RATES.

22 (2) THE TERRITORIES ESTABLISHED SHALL INCLUDE AN URBAN
23 TERRITORY AND A RURAL TERRITORY.

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
25 October 1, 2010.